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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 02/17/10

INDEX:

- 1) Top headlines
- 2) Editorials

Futenma:

- 3) SDP, PNP put off announcing candidate sites (Asahi)
- 4) Road to new location for airfield not in sight (Sankei)

Foreign relations:

- 5) Okada announces Australian trip (Asahi)

Defense & security:

- 6) Cabinet releases names of members of blue-ribbon panel on revision of basic defense program (Asahi)
- 7) Japan's defense industry shrinking (Nikkei)
- 8) GSDF troops commence work in Haiti (Yomiuri)

Politics:

- 9) DPJ paving way for the steady destruction of the LDP (Nikkei)

Economy:

- 10) Gov't making preparations to question whaling ship intruder (Nikkei)
- 11) Japan regains top spot as holder of U.S. treasuries (Yomiuri)
- 12) Finance Minister says price growth of 1 PERCENT desirable (Mainichi)

Articles:

- 1) TOP HEADLINES

Asahi, Mainichi, Yomiuri, Sankei, Tokyo Shimbun & Akahata:
Nagashima, Kato win Japan's first medals at Vancouver Olympics

Nikkei:

U.S. government to provide loan guarantees worth about 720 billion yen for construction of two new nuclear plants for first time in 30 years

2) EDITORIALS

Asahi:

(1) Finance minister's remarks: Lift the taboo on the consumption tax

(2) Strained U.S.-China relations: Groping for "optimum distance" begins

Mainichi:

(1) Data on prioritization of public work projects: This is precisely pork-barreling

(2) Olympic medals: Learn humbly from China, South Korea

Yomiuri:

(1) Bill on political leadership: What is important is not organization, but substance

(2) Olympic skating: Silver, bronze medals won through lessons learned from past setbacks

Nikkei:

(1) Confusion over child allowance reflects absence of ideology

(2) Conduct strict examination of mergers of major resources

TOKYO 00000306 002 OF 009

companies

Sankei:

(1) Silver and bronze medals for Japan: Learn from athletes' aggressiveness, hard work

(2) Remarks on consumption tax: Announce a road map before Upper House election

Tokyo Shimbun:

(1) Intrusion into whaling vessel: Impose level-headed, impartial punishment

(2) Fifth anniversary of Centrair airport: Improve convenience by networking

Akahata:

(1) Signature campaign for eradication of nuclear arms: Now is the time to unite public opinion against nuclear weapons

3) Discord evident in ruling coalition over Futenma relocation; presentation of SDP, PNP plans postponed

ASAHI (Page 3) (Excerpts)

February 17, 2010

The three coalition parties decided on Feb. 16 to postpone the Social Democratic Party (SDP) and the People's New Party's (PNP) plan to submit their Futenma relocation plans to the government's Okinawa base issues examination committee on Feb. 17. The Hatoyama administration is looking into possible relocation sites behind the scenes. There was concern that even if the two parties presented their plans, they might be left in limbo.

"If limited plans are unveiled, they will tie up our hands. That is why we are coordinating in the direction of considering the matter in a broad framework with other parties," Democratic Party of Japan Diet Affairs Committee Chairman Kenji Yamaoka explained to visiting U.S. Senator Jim Webb (of the Democratic Party) in the Diet building on Feb. 15. The "limited plans" specifically meant what the SDP and the PNP were considering for the relocation of Futenma.

Yamaoka held talks with Chief Cabinet Secretary Hirofumi Hirano early on the morning of Feb. 16 after a cabinet meeting. Yamaoka began mapping out a plan to modify the timetable with Hirano, who chairs the Okinawa base issue panel of the government and the ruling

coalition.

The Yamaoka-Hirano meeting was followed by a session of the Diet affairs committee chairmen of the three ruling parties in which the SDP's Kantoku Teruya said: "It would be better not to present individual Futenma relocation plans."

Teruya's comment drew fire from Mikio Shimoji of the PNP, which had decided to propose relocation to the land area of Camp Schwab. The session ended with Yamaoka's suggestion to push ahead with coordination among the three ruling parties.

There was a reason for the SDP to hesitate to present its plan. The government and the ruling coalition had sent a fact-finding mission to Guam on Feb. 10-11. The mission was told by the Guam side that it is difficult to accept additional Marines - an answer particularly hard for the SDP, which regarded Guam as its prime candidate site.

TOKYO 00000306 003 OF 009

SDP head Mizuho Fukushima and Secretary General Yasumasa Shigeno also insisted, "If we specify any site outside Okinawa, there will be a backlash from prospective site." But the party's policy chief Tomoko Abe voiced opposition: "If we do not mention any site outside Okinawa and Guam is also off the list, our discussion will return to the starting point of Henoko." Views in the SDP split.

The SDP and the PNP were also out of step with each other. On Feb. 15, the day the media reported on the PNP's Camp Schwab land area plan, SDP head Fukushima criticized the PNP plan, citing opposition from Nago Mayor Susumu Inamine. In response, the PNP's Shimoji assailed Fukushima.

This is a delicate time for the Hatoyama administration which is aiming to have the fiscal 2010 budget clear the House of Representatives before the end of February. Discord in the ruling coalition is likely to provide ammunition to the opposition camp. That is why the DPJ has decided to serve as a mediator between the SDP and the PNP.

Nevertheless, there are no prospects for a broad framework that are acceptable to the three ruling parties.

In a press conference on Feb. 16, Hirano revealed a plan that either he or Deputy Chief Cabinet Yoriyoshi Matsuno will present a relocation plan to the Okinawa base issue panel.

It was the first time that Hirano had explicitly mentioned the presentation of a plan to the panel. He also emphasized that the panel is a forum for substantial discussions, not a venue to come up with an excuse.

Hirano, who seems to have several plans, is studying their feasibility with a special team set up in the Defense Ministry by Minister Toshimi Kitazawa. Prime Minister Hatoyama is also collecting information on the circumstances in the United States and possible candidate sites by exchanging views with foreign affairs commentator Yukio Okamoto, former Deputy Vice Foreign Minister Hitoshi Tanaka, and others who are well versed in the base issue.

"Separate from what has been revealed, we are looking into various sites," Prime Minister Hatoyama said to the press corps on the night of Feb. 16. "It will take time to obtain the understanding of the people, especially in Okinawa, and of the U.S. But we are steadily conducting studies."

Meanwhile, Okinawa is reacting strongly to media reports on a plan for relocation to the land area of Camp Schwab. Nago Mayor Inamine expressed his strong opposition to this plan on Feb. 16, saying, "I have repeatedly indicated that both the sea-based and land-based plans are unacceptable. I will continue to adhere to this position."

4) Disarray in SDP delays ruling parties' submission of Futenma relocation site proposals; prospects uncertain

Tomoaki Yamada

The three ruling parties, the Democratic Party of Japan (DPJ), the
TOKYO 00000306 004 OF 009

Social Democratic Party (SDP), and the People's New Party (PNP) decided on Feb. 16 to postpone the submission of each party's proposals for the relocation site of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa) to the government and ruling parties' "Okinawa base issues examination committee," originally scheduled for Feb. 17. The main reason is conflict within the SDP. The DPJ was also worried that the naming of candidate relocation sites may affect Diet deliberations. There is increasingly serious turmoil over the relocation issue, with the political motives of each party coming into the picture.

At the meeting of ruling party Diet Affairs Committee chairmen on Feb. 16, SDP Diet Affairs Committee chief Kantoku Teruya said: "It is better not to submit concrete proposals tomorrow." Although PNP Diet Affairs Committee chief Mikio Shimoji asked: "We have worked toward submitting proposals on Feb. 17. Why this last minute postponement?" DPJ Diet Affairs Committee Chairman Kenji Yamaoka cut short the discussion at that point, saying: "It is better to reach a consensus first." The decision was thus made to postpone the submission of proposals.

Subsequently, the three Diet Affairs Committee chiefs met Chief Cabinet Secretary Hirofumi Hirano at the Prime Minister's Official Residence and requested the postponement of the committee meeting on Feb. 17. Hirano decided to meet as scheduled because "there is no reason not to hold the meeting," but the three parties will not be submitting their proposals.

With regard to making proposals on the candidate relocation sites, SDP leader, State Minister for Consumer Affairs and Declining Birthrate Mizuho Fukushima indicated her reluctance to reveal the relocation sites outside Okinawa at a party meeting on Feb. 12, on the grounds that "the SDP will be forcing (Futenma relocation) on localities all over the country." SDP policy chief Tomoko Abe refuted her by saying: "(Without naming the candidate sites,) the Futenma base will remain where it is."

Fukushima also voiced strong opposition when it was reported that the PNP planned to propose relocation to the inland area of Camp Schwab (in Nago City, Okinawa). The coordination process fell into disarray.

Furthermore, the DPJ Okinawa chapter was making moves to come up with its own proposal. However, the DPJ headquarters is concerned that the naming of candidate sites may have an adverse effect on the FY2010 budget deliberations. One senior ruling party official says: "There is a strong possibility that the ruling parties will make their relocation site proposals after the budget passes the House of Representatives."

In addition, since certain locations in northern Kyushu have emerged within the ruling parties as candidate sites, there is also considerable concern that this may affect the Nagasaki gubernatorial election on Feb. 21.

Meanwhile, Prime Minister Yukio Hatoyama made the following comment on the evening of Feb. 16 on the delay in submitting the proposals: "There are various ideas within the ruling parties. I don't think this will affect in any way the schedule to reach a solution by May." He stressed that the postponement will not have any impact on the plan to make a decision by the end of May.

TOKYO 00000306 005 OF 009

Locations, facilities cited as candidate Futenma relocation sites:

Eastern part of Tomokamai (Hokkaido)
Higashi-Fuji training area (Shizuoka Prefecture)
Shizuoka Airport (Shizuoka Prefecture)
Kansai International Airport (Osaka)
Saga Airport (Saga Prefecture)
Maritime Self-Defense Force's Omura air base (Nagasaki Prefecture)
Tokunoshima (Kagoshima Prefecture)
Mageshima (Kagoshima Prefecture)
Iejima (Okinawa Prefecture)
Coastal area of Henoko (Okinawa Prefecture)
Land area of Henoko (Okinawa Prefecture)
Iwo Jima (Tokyo)
U.S. forces' Kadena Air Base (Okinawa Prefecture)
Shimojishima (Okinawa Prefecture)
Guam (U.S. territory)
Saipan, Tinian (U.S. territory)

5) Foreign Minister Okada announces Australia visit

ASAHI (Page 4) (Full)
February 17, 2010

Foreign Minister Katsuya Okada announced yesterday that he plans to visit Australia on Feb. 20-21. He is expected to hold talks with his Australian counterpart Stephen Smith and Defense Minister John Faulkner on such issues as nuclear disarmament and nonproliferation, as well as climate change. He will also discuss with the two ministers Japan's research whaling, to which Australia is strongly opposed.

6) Defense panel members announced

ASAHI (Page 12) (Full)
Eve., February 16, 2010

The Hatoyama cabinet yesterday announced its establishment of the "Council for National Security and Defense Buildup in the New Era," a private advisory panel for the prime minister with the aim of revising the National Defense Program Guidelines toward the end of this year. The panel is chaired by Shigetaka Sato, chief executive officer of Keihan Electric Railway Co., Ltd., who will be the next president of the Osaka Chamber of Commerce and Industry. The panel will come up with a report this summer.

The other panel members are: Yoko Iwama, professor at the National Graduate Institute for Policy Studies (GRIPS); Takashi Shiraishi, director of the Institute of Developing Economies (IDE) of the Japan External Trade Organization (JETRO); Yoshihide Soeya, professor at Keio University; Hiroshi Nakanishi, professor at Kyoto University's postgraduate school; Takako Hirose, professor at Senshu University; Yasuhiro Matsuda, associate professor at the University of Tokyo; Tadashi Yamamoto, president of the Japan Center for International Exchange (JCIE); Yasunari Ito, former administrative vice defense minister; Ryoza Kato, former ambassador to the U.S.; and Takashi Saito, former chief of the Joint Staff Council, Self-Defense Forces.

7) Japan's defense industry shrinking

NIKKEI (Page 2) (Abridged)

TOKYO 00000306 006 OF 009

February 17, 2010

Japan's defense industry, which currently has a total of more than 1,000 companies, is weakening due to cutbacks in the government's defense budget. More than 50 firms manufacturing parts for defense equipment, mainly small and midsize companies, will discontinue their defense-related business operations. Those in the defense industry strongly fear that Japan may not be able to maintain its industrial infrastructure, such as technical know-how and manufacturing facilities.

The Eurofighter, a new fighter jet model being co-developed by four European countries, and the F-35, also a new fighter model in the pipeline with the participation of nine countries including the

United States and Britain, symbolize the joint development of large-scale hardware. Each of the participating countries contributes its strong technologies and the countries all share the cost of development, thereby reducing the unit cost through mass production. The F-35 is a candidate for Japan's next-generation fighter (FX), but Japan has not been able to participate in its development.

For its introduction of F-35 fighters, Japan has no other choice but to produce them under license with each country's consent or import them. For either method, Japan will have to bear a comparatively high cost for its F-35 introduction compared to the countries participating in their international joint development.

Japan's fighter planes used to be based on its licensed production of U.S. military aircraft. In recent years, however, the United States has strengthened its policy of not providing its cutting-edge technologies even to its allies. The United States has not agreed to export the F-22, a state-of-the-art fighter jet model, to Japan. A manufacturer's official has a growing sense of crisis, saying, "We cannot access the newest technologies if we don't participate in their joint development, and as a result we will fall even further behind the world in terms of technology."

Japan's defense budget has decreased and its defense industry is now having a hard time as a result. In 2011, Japan will end its production of the F-2, a fighter support plane for the Air Self-Defense Force. This means that Japan's production of fighter planes will cease for the first time since it resumed producing them in the postwar days. Among companies manufacturing parts for fighter planes, a total of 20 manufacturers have already decided to back down.

8) GSDF begins relief activities in Haiti

YOMIURI (Page 2) (Excerpts)
February 17, 2010

Masakazu Hamasuna, Port-au-Prince

The Ground Self-Defense Force's relief team dispatched to conduct UN peacekeeping operations for the reconstruction of Haiti began ground leveling work under the control of the UN Stabilization Mission (MINUSTAH) in the country's capital of Port-au-Prince shortly after 10:00 a.m. on Feb. 16 (shortly after midnight on Feb. 17, Japan time). This is the first time for the team to conduct work outside its camp using heavy machinery. The GSDF has now launched its full-scale PKO activities in Haiti.

TOKYO 00000306 007 OF 009

On Feb. 16, some 20 GSDF personnel worked on the project.

The team completed the work of leveling the ground for a storage area for an international organization on Feb. 16. As the next step, the team intends to expand its activities to include work to build facilities for refugees. This is the second large-scale PKO mission the SDF has engaged in following the one in East Timor in 2002-2004. The current mission in Haiti will run through Nov. 30.

9) DPJ paving way for the steady destruction of the LDP

NIKKEI (Page 3) (Full)
February 17, 2010

House of Councillors member Gotaro Yoshimura, who left the Liberal Democratic Party (LDP), announced in a press conference in Fukuoka City yesterday that he would join the People's New Party (PNP). The Democratic Party of Japan (DPJ), which has formed a floor group with the PNP in the Upper House, approved the membership of Yoshimura in the group in a meeting of its Upper House standing executives on the same day. The DPJ has now secured a majority -- 122 seats -- needed to control the Upper House, on a group basis, paving the way for the group to pass bills in the chamber without the support of the Social Democratic Party.

Yoshimura's joining the DPJ-led floor group, following Upper House member Kotaro Tamura's membership in the DPJ after leaving the LDP, is seen as part of Secretary General Ichiro Ozawa's maneuvering to undermine the LDP. Ozawa is expected to implement a full-scale operation to destroy the LDP after the Upper House election this summer. The political situation will likely be greatly affected.

Yoshimura said in the press conference: "I am determined to establish a real conservative political system for the sake of the people."

Yoshimura will run in the Fukuoka constituency (two seats in the contest) on the PNP ticket in the Upper House election. The DPJ has already decided to field several candidates in several constituencies, so coordination will be held between the two parties.

The DPJ leadership has said that the party would maintain the current coalition framework of the DPJ, the SDP and the PNP. DPJ Upper House Secretary General Yoshimitsu Takashima emphasized in a press conference yesterday: "There is and will be no reason for the DPJ to break up the coalition government."

Even so, Ozawa is trying to find out a point of contact with the New Komeito. Ozawa has repeatedly expressed his positive view about the New Komeito's proposal for giving the right to vote in local elections to permanent foreign residents in Japan. The New Komeito also voted in favor of the second supplementary budget bill for fiscal 2009.

If the DPJ joins hands with the New Komeito, which has secured 21 seats in the Upper House, the government will become more stable compared with the current DPJ-led coalition with the PNP and the SDP, which holds a smaller number of lawmakers. The DPJ is stepping up efforts to capture a single-party majority in the Upper House election, but even if the party fails to do so, excluding the SDP

TOKYO 00000306 008 OF 009

from the coalition government is becoming a distinct possibility.

10) Government is preparing to question Sea Shepherd activist about intruding into Japanese whaling ship: Hirano

NIKKEI (Page 2) (Full)
February 17, 2010

In connection with a member of the U.S. environmental conservation group Sea Shepherd Conservation Society who is now being held (aboard the Shonan Maru No. 2) after he intruded into a Japanese research whaling vessel, Chief Cabinet Secretary Hirofumi Hirano stated yesterday at a press conference: "We are now moving forward with the necessary preparations to bring him to Japan," indicating that the activist will be turned over to the Japan Coast Guard for questioning in Japan. At the same time, Hirano said, "I think we will investigate allegations that he breached criminal law by trespassing on a vessel of our country."

11) Japan regains top spot as holder of U.S. Treasuries

YOMIURI (Page 2) (Full)
February 17, 2010

Taro Koyano, New York

According to the international capital balance statistics released by the U.S. Department of the Treasury on Feb. 16, Japan as of the end of December 2009 overtook China as the largest holder of U.S. Treasury securities for the first time in 16 months. Japan's holdings of U.S. Treasury securities increased for two straight months to 768.8 billion dollars (approximately 69 trillion yen), up 11.5 billion dollars from the previous month. In the meantime, China's holdings stood at 755.4 billion dollars, down 34.2 billion dollars from the previous month.

China is diversifying its foreign reserves. If its holdings of U.S. treasury securities continue to drop, it could deal a blow to the

U.S. government, which is issuing a large amount of Treasury bonds.

Japan was the largest foreign holder of U.S. Treasury securities until it was surpassed by China in September 2008.

12) Goal for price increases should be set at 1 percent: Foreign minister stresses cooperation with BOJ

MAINICHI (Page 4) (Full)
February 17, 2010

Deputy Prime Minister and Finance Minister Naoto Kan at a Lower House Budget Committee meeting on Feb. 16 expressed his perception that 1 percent or so would be appropriate as a goal for the rate of consumer price increases. He then stressed his determination to work together with the Bank of Japan (BOJ) in finding a way to climb out of the deflationary trend. He said, "It is in a sense desirable if the government and the BOJ work together toward a common goal." He made this statement in response to a question asked by Kozo Yamamoto of the Liberal Democratic Party (LDP).

The BOJ at its policy-setting meeting held in December last year finalized its stance on a level to achieve the stabilization of prices (the rate of price increases), deciding that level should be

TOKYO 00000306 009 OF 009

in the plus territory and below 2 percent. Most panel members agreed that 1 percent or so would be an appropriate level. Referring to this stance, Kan at the meeting explained, "Regardless of whether 1 percent is sufficient or not, we should set a figure at around that level as a policy goal." He also said, "Our perception of the goal is in agreement with the BOJ."

Some take the view that Kan was taking the introduction of an inflationary goal for the management of monetary policy, based on a set goal for price increases, into account when he made that statement. One focus in the future will likely be on how to define the rate of price increases in monetary policy at a meeting between the government and the BOJ.

The BOJ's stance is that the figure set for the rate of price increases is just a benchmark, and so it should not entail any obligation to achieve that goal or bind (the BOJ's) monetary policy. The basic guidelines in the New Growth Strategy, which the government mapped out late last year, put forward a goal of nominal growth of 3 percent or 2 percent in real terms on average up to fiscal 2020. This policy takes price increases into account and anticipates that the nominal growth rate will surpass the real growth rate.

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